



Innovation in Climate Change Diplomacy

IMERS case study

**Rapid progress requires innovation both
in solutions and diplomacy**

Climate Change Diplomacy
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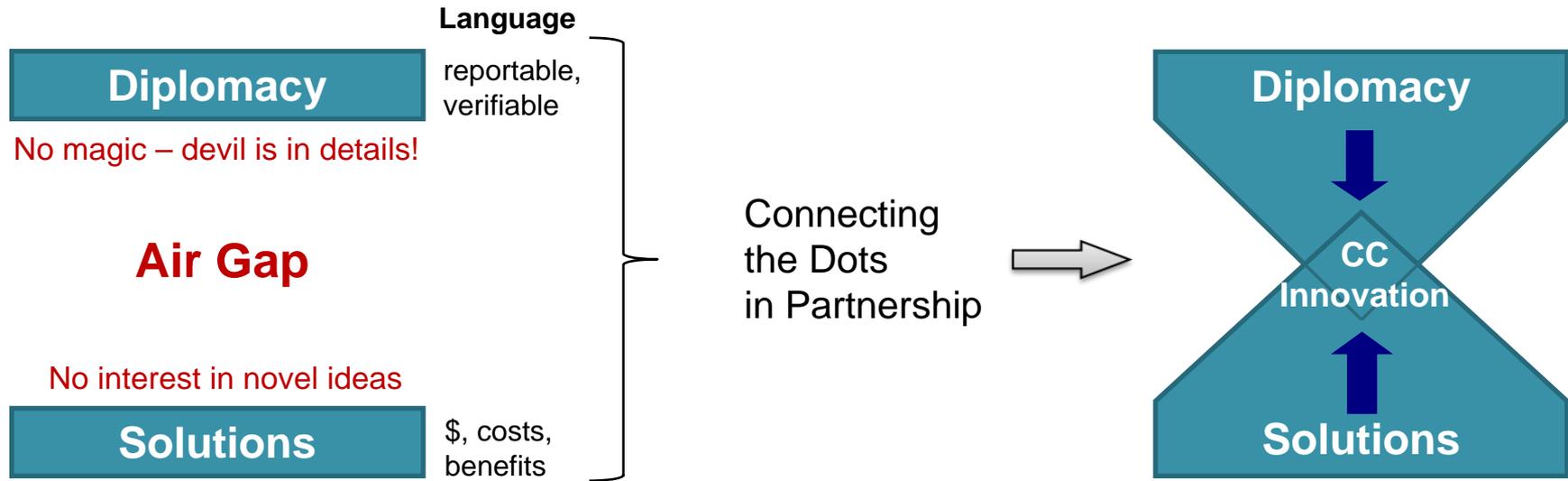
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- **Deadlock**
 - Emissions from international transport
- **Value innovation**
 - Simultaneous innovation in Solutions & Diplomacy
- **Three crucial steps**
 - Successful innovation in Climate Change Diplomacy (CCD)
- **Summary**
 - Potential for synergies is enormous

- Deadlock for international transport
 - GHG emissions from international aviation and maritime transport taken out of the Kyoto Protocol (1997)
 - Little progress in last decade
 - Inter-dependencies of policies and methodologies (“catch 22”)
 - No innovation, recycling of old ideas,
 - Even if they are nearly impossible to implement
 - Int. Maritime emissions now #6 WW
 - Compared with countries (fossil em)
 - ... Made worse by multiple forums
 - IMO (Int. Maritime Organization)
 - UNFCCC/SBSTA
 - UNFCCC/SBI
 - UNFCCC/AWG
 - Annex 1 versus non-Annex 1 countries:
 - Dominant split in the UNFCCC
 - Officially not in IMO, except for CC
 - Shipping exerts cooling effect
 - How to fairly include this complex global sector in climate change action?
 - Varied agendas
 - Developed countries – **mitigation**
 - But limited focus on longer-term technology so critical to emission reductions
 - Developing countries – **adaptation**, sustainable development
 - Current financial mechanisms are inadequate in both design and scale
 - Big Financing gap as large as 50:1
 - Total available circa \$0.4bn
- Needed +\$20bn pa for developing countries
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Innovating Simultaneously in Diplomacy & Solutions

IMERS Case Study



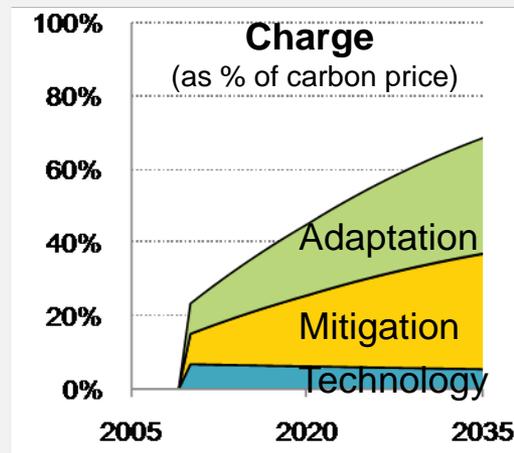
CC Innovation? IMERS – a novel, ambitious yet affordable hybrid market-based scheme combining mitigation, adaptation and technology action for international shipping.

Notional target: 20-50 from 2005

- Notional emission reductions of 20% in 2020, and 50% in 2050 from 2005 level

IMERS Cost perspectives:

- End customer: **\$1 for \$1,000** of imported goods (0.1% price impact)
- Emission charge: under \$30/ton of fuel



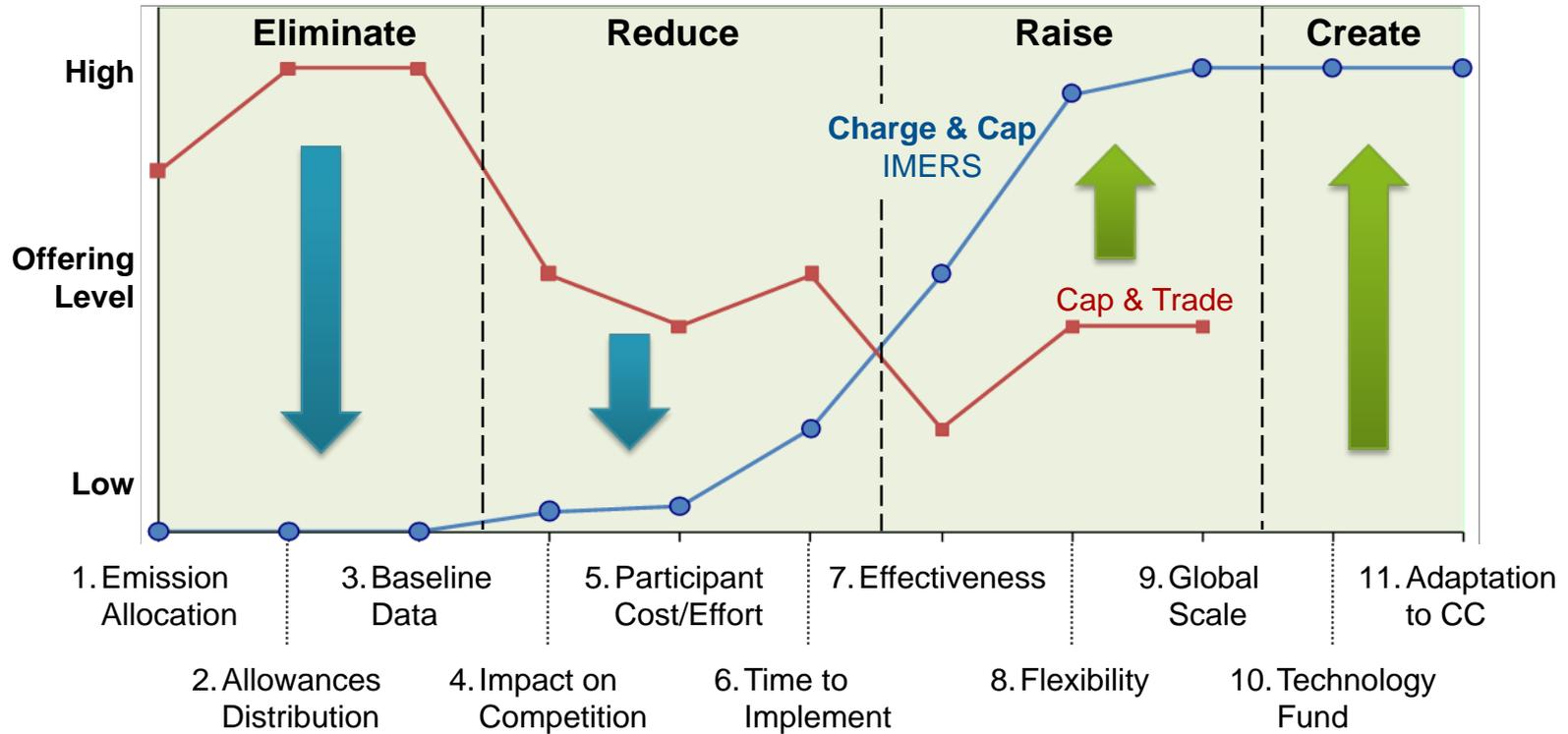
Funds per annum in 2010:

- Mitigation: \$3bn
- Adaptation: **\$3bn**
- Technology: \$2bn
- Operational costs: \$0.5bn

Solution Innovation – Strategy Canvas



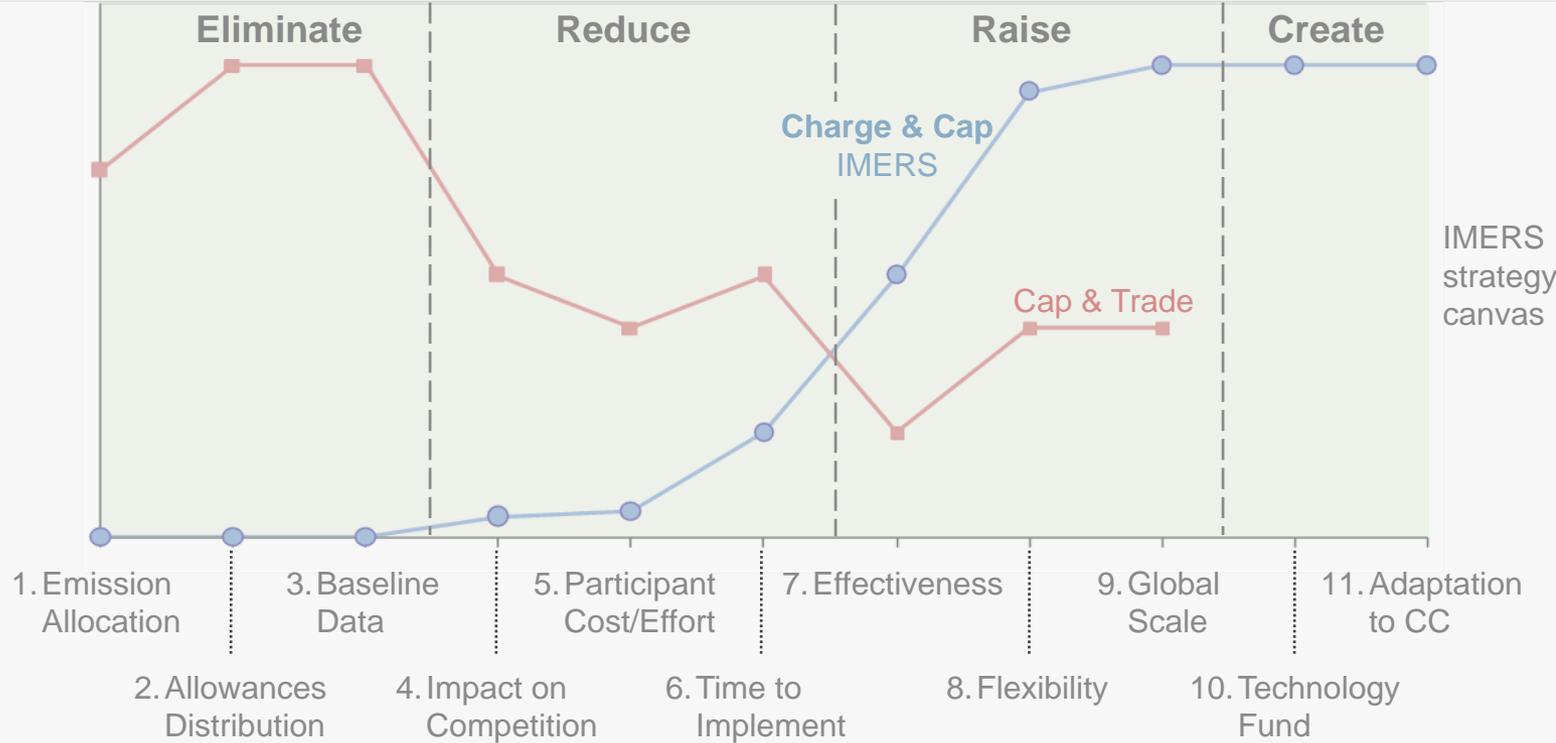
SOLUTION Holistic view



Solution Innovation meets Diplomacy Forums



SOLUTION Holistic view



DIPLOMACY Competency view



Innovation is Critical to Overcome Diplomatic Inertia

Examples & Lessons Learned



- Major obstacles for diplomatic innovation:
 - Bureaucratic constraints, lack of time/resources
 - Free-riding is a norm, despite high promises
 - Passive approach, waiting for clear policy
 - Officials are not asked to take initiative and ownership, let alone provide vision and leadership
 - Lack of inter-departmental clarity makes it worse
 - Bilateral rather than multilateral approaches
 - Partnering with and engaging non-state experts is often against the government pride/policy
 - This creates a big risk of distorting or even destroying the original proposal
- Lessons for innovators:
 - Getting financing for ambitious public good projects is difficult ... so plan accordingly!
 - Going through associations and companies does not help and might take years
- Business rigour and diplomatic patience are absolutely necessary

Selected quotes from officials

I've only 2 hrs per week for this topic.

Why us? Why not country XYZ?

Seems like a great proposal. But it might be incompatible with our policy.
[Q] What is your policy?
[A] We don't have one yet.

We don't need help. We can manage.
Thank you for bringing the idea to us.

Our experts are uncomfortable.
[Q] What about? [A] I don't know yet.

Great work! Carry on. When it's approved we'll be very interested.

It might be too early. Parties might not be ready to discuss proposals yet.

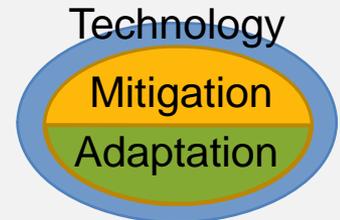
After so many years of deadlock I don't even remember what's the issue anymore.

Three Crucial Steps of Successful Innovation in CCD



1. Craft a novel and ambitious yet affordable solution
 - Following best practices in business strategy
 - Avoid governmental or other policy constraints
2. Bring the proposal to the multilateral process **through an influential government**
 - Forget a route through associations or large companies
 - Prepare and start step 3 immediately after the submission
3. Engage relevant parties in an iterative process aimed at refining and ultimately supporting the proposed solution
 - Select **diverse parties** for initial discussions; communicate benefits & costs to the policy advisors
 - Formalize the iterative process as soon as possible
 - **Engage the business innovators/architects**
 - Influence and ideally coordinate formal submissions, and iterations (call for coordination within governments)

Case study example



at \$1 for \$1,000

Norway to IMO,
submission
MEPC 56/4/9

Engaged 15
developed & 15
developing states

Success at MEPC
56; then IMO GHG
correspondence
group & Bali event

Submissions to
IMO MEPC 57

- Enormous potential exists for simultaneous innovation in solutions and diplomacy
 - Novel solutions are needed and must be discussed asap (magic CC wand doesn't exist!)
 - Business innovators/experts need to be part of the iterative process
- Value Innovation must be recognized and take its rightful place in CCD
 - Officials need time/resources for quality discussions, and inter-sessional iterations
 - Openness to engage innovators is needed to complement skills, initiative and know-how
 - It must be a two-way relation; ideally a joint “tiger team” should be created
- **If novel proposals are not developed**, complex and expensive solutions are likely to emerge (such as trying to include shipping in a regional trading scheme)
- **Even the smallest states can make big impact** on the Road to Poznan to Copenhagen
 - Focus where your country can make a difference and take the initiative!
 - Rewards will come!

